

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 EB-07 /017 W
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R 130610Z JUL 76
FM AMEMBASSY JAKARTA
TO USDOC WASHC
SECSTATE WASHDC 5606
INFO AMEMBASSY SINGAPORE
AMCONSUL MEDAN
AMCONSUL SURABAYA

UNCLAS JAKARTA 9140

E.O. 11652: NA
TAGS: BEXP, ID
SUBJ: COUNTRY COMMERCIAL ACTION GROUP (CCAG) FOURTH
QUARTER FY 76 CCP REPORT

REF: (A) JAKARTA 4999, (B) USDOC 1443, (C) JAKARTA 1762,
(D) JAKARTA 5415, (E) 74 STATE 280182

1. CCAG MET MONDAY, JULY 12, TO REVIEW FOURTH QUARTER GY 76 CCP PROGRESS. ASSUMING WCAG ACCEPTANCE OF SUBSTITUTE CAMPAIGNS ON MATERIALS HANDLING EQUIPMENT (REF C) AND WOOD PROCESSING (REF D), CCAG FOUND FY 76 PROGRAM ON TRACK. CCAG BELIEVES OBJECTIVES OF PTR REQUIREMENT LISTED/REF (C) CAMPAIGN WERE MET BY: (A) POST RECOMMENDATIONS FOR MINING AND MATERIALS HANDLING SEMINAR, (B) POST ACCEPTANCE OF 1976 MINING SEMINAR AND 1977 CARGO/MATERIALS HANDLING EXHIBITION, PLUS (C) INCLUSION (REF B) OF MATERIALS HANDLING IN COMPREHENSIVE SECTORAL STUDY.

2. ABOVE PARAGRAPH PROVIDES MANAGEMENT BY EXCEPTION REPORT ON PROGRESS TO DATE. CCAG RECOGNIZES THAT FY 76 CCP CONTAINS FIFTH QUARTER TO BE REVIEWED IN OCTOBER; HOWEVER IN VIEW EARLY DEPARTURE FROMPOST OF MOST OFFICERS RESPONSIBLE FOR FY 76 CCP PERFORMANCE, WE PREFER AT THIS TIME ALSO PROVIDE ANNUAL SUMMARY PER REF (E).

3. ANNUAL SUMMARY: FY 76 WAS A YEAR OF CONSIDERABLE
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FRUSTRATION AND TRANSITION FOR OUR COMMERCIAL PROGRAM. E/CM

SECTION BOTH BEGAN AND ENDED YEAR SIGNIFICANTLY SHORT STAFFED.
TWICE DURING YEAR SECTION'S NEWSLETTER, JAKARTA BUSINESS
BULLETIN, UNEXPECTEDLY CHANGED EDITORS (CONTRACTED).

4.COMPREHENSIVE SECTORAL SURVEY, ALTHOUGH CONTRACTED OUT,
POSED AN UNANTICIPATED ADDITIONAL WORKLOAD (ADMINISTRATIVE
SUPPORT PLUS SIGNIFICANT TIME REVIEWING AND COMMENTING ON
14 SECTOR DRAFTS) TO WHICH POST ALLOCATED HIGH PRIORITY.
MEANWHILE, INDONESIA'S SERIOUS FINANCIAL PROBLEMS, LARGELY
CAUSED BY PERTAMINA CRISIS, HAD CONSIDERABLE ADVERSE IMPACT
ON COMMERCIAL OPPORTUNITIES TO WHICH EMBASSY'S FY 76 CCP HAD
BEEN KEYED. THESE GENERAL ECONOMIC CONSTRAINTS PLUS RELATED
BUT INDEPENDENTLY CAUSED DELAYS IN SPECIFIC PROJECTS AND GOI
DISILLUSIONMENT WITH EXIM TERMS AND PROCEDURES HAVE PREVENTED
US FROM THUS FAR ACHIEVING ALL OF "EXPECTED RESULTS" LISTED
CCP SECTION II.

5. SPECIFICALLY, ALTHOUGH E/C HAS DEVOTED MASSIVE MAN-
HOURS PURSUING WHAT HAS BECOME VERY MURKY TENDER FOR SIX
SUGAR MILLS, THIS TENDER STILL NOT RPT NOT AWARDED; HOWEVER
THIS PROCESS HAS CAUSED U.S. FIRMS' REPUTATION BECOME FIRMLY
ESTABLISHED IN INDONESIAN MARKET PLACE AND SHOULD EVENTUALLY
YIELD SALES RESULTS ON THIS TENDER OR SOME FUTURE PROJECTS.
CEMENT RESULTS MUCH MORE SUCCESSFUL WITH BOTH GRESIK AND
CIBINONG ENGINEERING CONTRACTS AWARDED TO U.S. FIRMS AND
CONSIDERABLE EQUIPMENT SALES APPARENTLY FOLLOWING; AND MORE
RECENTLY/CRESCENT ENGINEERING, WITH WHOM WE HAVE WORKED
CLOSELY, INDICATED THEY HAD BEEN AWARDED CONSULTANT CON-
TRACT FOR CIREBON PROJECT AND MAY GET ANOTHER CONTRACT TO
SUPPLY A U.S. CEMENT MILL TO BIAK ISLAND. WORLD PULP MARKET
DOWNTURN HAS DELAYED EXPECTED MAJOR PULP/PAPER INVESTMENTS,
AND OTHER WOOD PROCESSING SECTORS HAVE PROVED MORE COMPLEX
THAN PREVIOUSLY ANTICIPATED SO THAT NO RPT NO MAJOR
TURNKEY WOOD PROJECTS WON THIS YEAR; HOWEVER REVAMPED WOOD
PROCESSING CAMPAIGN HAS BEEN SUBMITTED WHICH, WITH COMPREHENSIVE
SURVEY RESULTS, SHOULD PROVIDE MORE REALISTIC BASIS FOR PURSUING
THIS LARGE SECTOR IN FUTURE. UPGRADING OF FSL STAFF AND
INFORMATION SERVICES IS GOING VERY WELL WITH NOTICEABLE
REDUCTION IN FSO WORKLOAD AND INCREASINGLY FAVORABLE
COMMENTS FROM VISITING BUSINESS PERSONNEL ON BOTH FSL
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PERFORMANCE AND E/CM INFORMATION RESOURCES; MOREOVER, AL-
THOUGH NOT REPT NOT PROGRAMMED IN CCP, COMMERCIAL LIBRARY IS
BEING REORGANIZED TO MAKE LIBRARY RESOURCES CONSIDERABLY
MORE USEABLE AND MORE ATTRACTIVELY DISPLAYED. TRANSLATED
COPY OF RPELITA II WAS SUBMITTED. EMBASSY'S MAJOR PROJECTS
ACTIVITIES, ALTHOUGH HANDICAPPED BY GENERAL ECONOMIC DOWN-
TURN AND SIGNIFICANTLY DIRECTED TOWARD FACILITATING GOI
UTILIZATION OF EXIM, DID CONTRIBUTE SOME NOTABLE RESULTS

INCLUDING: (A) PRINTING OF INDONEAIAAN AMJOR PROJECTS SUMMARY LIST AND PUBLICIZING ADB/IBRD PROJECT INFORMATION IN JBB (NEITHER ACTIVITY PROGRAMMED IN CCP); (B) AWARD OF 41 LOCOMOTIVES TO G.E. WITH STILL OTHER SALES POSSIBLE IN NEAR FUTURE; (C) RESEARCH AND DEVELOPMENT OF MAJOR NEW MATERIALS HANDLING EQUIPMENT CAMPAIGN; AND (D) ALERT REPORTING ON MANY UPCOMING PROJECTS AND TENDERS.

6. ACTION REQUESTED: CCAG WOULD APPRECIATE REPORT ON OUT-COME OF WCAG THIRD QUARTER REVIEW AND IS ALSO INTERESTED IN CURRENT STATUS OF FINAL DRAFT FY 77 CCP POUCHED JUNE 2. WITH CURRENT SHORT STAFFING AND ADDITIONAL ACCELERATED TRANSFERS EXPECTED, E/CM SECTION, FOR PLANNING PURPOSES, VERY MUCH IN NEED OF GUIDANCE/INSTRUCTIONS OF OCTOBER MINING SEMINAR CONTENT AND SUPPORT REQUIREMENTS. PLEASE ADVISE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 13 JUL 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976JAKART09140
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760269-0072
From: JAKARTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760765/aaaaceza.tel
Line Count: 131
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 76 JAKARTA 4999, 76 JAKARTA 1762
Review Action: RELEASED, APPROVED
Review Authority: schaeafj
Review Comment: n/a
Review Content Flags:
Review Date: 15 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 APR 2004 by ThomasVJ>; APPROVED <23 SEP 2004 by schaeafj>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COUNTRY COMMERCIAL ACTION GROUP (CCAG) FOURTH QUARTER FY 76 CCP REPORT
TAGS: BEXP, ID
To: COM STÁTE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006